

## 074 - TREASURER-TAX COLLECTOR

### Operational Summary

#### Mission:

To provide efficient and effective investment, cash management and property tax collection services for the County, cities, special districts and school districts.

#### Strategic Goals:

- Provide a work environment that motivates employees and encourages training and education.
- Embrace strategic alliances to foster public confidence in the department and County.
- Provide highest quality customer service through courteous, timely and accurate delivery of service.

#### Key Outcome Measures:

Performance Measure	FY 2000-2001 Results	FY 2001-2002 Target	How are we doing?
<b>NET INVESTMENT RETURN.</b> <b>What:</b> Obtain a portfolio yield that meets or exceeds the 90-day US T-Bill and money market benchmarks. <b>Why:</b> To continue to provide safe, efficient and effective investment returns for our clients.	Exceeded T-Bill by 60 basis points. Exceeded money market benchmark by 23 basis points.	Continue to exceed benchmarks.	On target.
<b>ADMINISTRATION FEE CHARGED TO POOL PARTICIPANTS.</b> <b>What:</b> To charge the lowest administration fee possible. <b>Why:</b> To provide a modest investment return to pool participants with minimum administrative costs.	Administration fee stayed at 12.50 basis points (i.e., 0.125%).	Administration fee to remain at 12.50 basis points (i.e., 0.125%).	On target.
<b>RATING OF INVESTMENT POOL.</b> <b>What:</b> Regain and maintain highest rating. <b>Why:</b> To assure safest money market practices are being followed.	Obtained a AAA/V1+ rating. School pool downgraded to AA/V1+ until July 18, 2001 when one investment matures.	Obtain AAA/V1+ ratings.	On target.
<b>STATE PROPERTY TAX COLLECTION RATES FOR SECURED AND UNSECURED PROPERTY.</b> <b>What:</b> Exceed State property tax collection rates for secured & unsecured prop by minimizing unpaid taxes. <b>Why:</b> To maximize collections in property taxes for service recipients and County General Fund.	Secured collection percentage ranking improved from 5th to 4th highest of the 58 California Counties. However, as a result of changes in reporting guidelines, our unsecured collection percentage ranking decreased from 7th to 11th.	Improve percentage rankings.	On target.
<b>INVESTED CASH MANAGEMENT POSITION (PERCENT OF AVAILABLE FUNDS INVESTED).</b> <b>What:</b> Maintain a maximum invested cash management position. <b>Why:</b> To enhance portfolio returns on invested cash by minimizing idle funds.	Achieved 99.8 percent invested cash.	Maintain invested cash management percentage position.	On target.

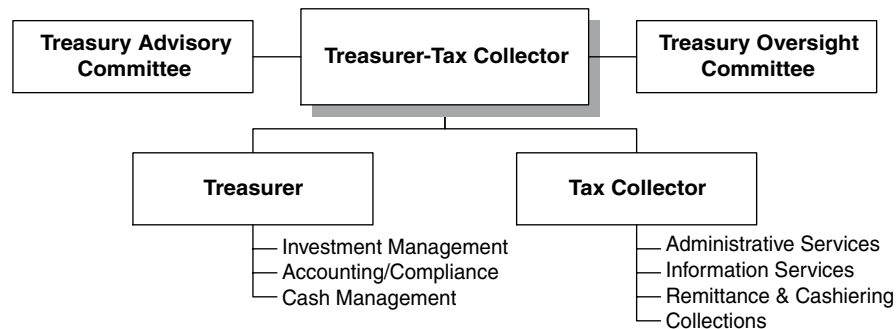
#### At a Glance:

Total FY 2000-2001 Actual Expenditure + Encumbrance:	9,078,065
Total Final FY 2001-2002 Budget:	10,316,849
Percent of County General Fund:	0.47%
Total Employees:	92.00

## Fiscal Year 2000-01 Key Project Accomplishments:

- Added an electronic check option (VirtualCheck), in December 2000, to our department's website.
- Conducted first tax sale auction on the Internet.
- Implemented document scanning to eliminate paper filing of correspondence.
- Initiated discussions with three major banks for banking services.
- Modified Fund Accounting System to accommodate specific accounts for accrual accounting of interest.
- Participated in several general obligation school bond issues.
- Participated with the CEO in paying down a significant amount of bankruptcy debt. Through a combination of a tender offer and defeasance, the total outstanding Pension Obligation Bonds (approximately \$639 million) were paid off.
- Received approval from the Board for a revised Investment Policy Statement that included an investment option to extend maturities up to three years. Established internal policies and began investing a portion of the portfolio in a separate fund with extended maturities.
- Secured collection percentage ranking improved from 5th to 4th highest of the 58 California Counties and our collection rate remained at 98.6%.
- Transferred the administration of the Defined Benefits Plan to PARS, a third party administrator.
- Upgraded Interactive Voice Response System with new hardware and software.

## Organizational Summary



**TREASURER-TAX COLLECTOR** - Provides centralized Treasurer and Tax Collection services for the County of Orange.

**TREASURER** - Responsible for the receipt, custody, depositary, investment, and recording of funds for the County, school districts, and special districts. Responsibilities also include issuance of short-term debt on behalf of the County, school districts, and administration of the 1992 Defined Benefit Retirement Plan. In addition, this office acts as trustee in connection with unclaimed property and is responsible for the issuance, billing, collection, redemption, and foreclosure of improvement bonds.

**Investment Management:** Provides portfolio management, broker/dealer relations, investment/economic research, liaison for oversight committees, and custody relation services.

**Cash Management:** Provides banking relation services, cash forecasting, and defined benefits.

**Accounting/Compliance:** Provides financial reporting, fund accounting, general ledger reconciliations, bank reconciliations, and investment compliance services.

**TAX COLLECTOR** - Responsible for collecting taxes on all secured and unsecured property in Orange County. In addition, this office is responsible for the sale of property subject to the power to sell, formerly known as delinquent tax deeded property. As well as collecting Annual Racehorse Taxes, Transient Occupancy Taxes, and Public Defender judgments, the Tax Collector also provides remittance processing services, information system services, and departmental administrative support.

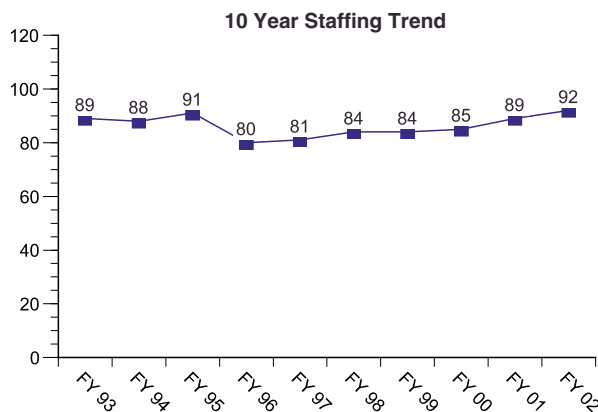
**Collections:** Provides centralized tax compliance services for delinquent unsecured tax collections, prior year secured property tax collections, public defender judgment collections, public information services, property tax problem payment processing, and general correspondence.

**Remittance & Cashiering:** Provides automated remittance processing for all property tax rolls, refund accounting, tax roll accounting, and cashiering for the Treasurer.

**Administrative Services:** Provides tax roll reconciliations, purchasing, contract administration, human resources, payroll services, budget, facility operations, telephone, and network services for the Treasurer and Tax Collector Offices.

**Information Services:** Provides systems development and maintenance support for numerous Treasurer-Tax Collector applications required for the depositing, accounting, and collecting of funds.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- Since 1992-93, our department's staffing level has only changed by a net of three positions, with the most recent increases being the absorption of two Senior Systems/Programmer Analysts from Lockheed Martin, Inc., and the addition of a Financial Analyst Position.
- Despite the modest increase in staffing during this time, as workloads have continued to grow (the number of real property tax bills increased from 702,000 to 760,000), our department has continued to excel in providing efficient and effective investment, cash management and property tax collection services for the County, cities, special districts and school districts.
- As the economy has slowed, the decrease in corporate earnings and ultimately the financial strength of firms issuing investment paper are affected. As a result, credit ratings are decreasing at an increasing pace. We received a Financial Analyst position as a mid-year adjustment to our current year budget (FY 2000-01). This person will be responsible for monitoring what effect the changing economy has on the credit rating of individual issuers and industries as a whole. This analysis is essential to reviewing the current status and predicting the future financial stability of our investment holdings.
- The Investment Officers will use the accurate, up-to-date analysis to achieve the Business Plan goals of exceeding our benchmarks and maintaining the AAA/V-1+ pool rating from Fitch. The Financial Analyst will also enable the Investment Officers to maintain the Treasurer's primary investment objectives of preserving capital, meeting liquidity needs, and attaining a competitive rate of return.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

The Treasurer-Tax Collector will continue to pursue all major year 2001 service plan goals in support of County strategic priorities. We will continue to provide an effective, responsive, and competitive organizational and operating structure. Staff will work diligently to meet our core business responsibilities of collecting and investing while supporting

the successful implementation of new corporate programs. We will work diligently to implement both the organizational performance measurement program (ROG) and the employee pay for performance program (PIP). In addition, the challenges of decentralization will continue to be a strong forward focus for this department.

Due to a 59% increase in credit card usage, increased costs in Banking Services by \$553,700.

Added a Financial Analyst position to monitor what effect the changing economy has on the credit rating of individual issuers and industries as a whole.

### Changes Included in the Base Budget:

Re-budgeted the lease-purchase of a Treasury Work Station for \$180,000, in Fiscal Year 01-02, to enhance the functions of Accounting/Compliance, Cash Management and Investment Management.

### Final Budget and History:

Sources and Uses	FY 1999-2000 Actual Exp/Rev <sup>(1)</sup>	FY 2000-2001 Final Budget	FY 2000-2001 Actual Exp/Rev <sup>(1)</sup>	FY 2001-2002 Final Budget	Change from FY 2000-2001 Actual	
					Amount	Percent
Total Positions	N/A	89	N/A	92	92	0
Total Revenues	6,860,236	6,550,188	6,593,725	7,556,894	963,169	15
Total Requirements	8,121,277	8,862,155	8,974,158	10,316,849	1,342,691	15
Net County Cost	1,261,041	2,311,967	2,380,433	2,759,955	379,522	16

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2000-01 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: TREASURER-TAX COLLECTOR in the Appendix on page 534.

### Highlights of Key Trends:

■ We are an administrative function that is task-oriented and focused on a more efficient process. We expect our investment results to consistently outperform our benchmarks. We will continue to provide our constituents with outstanding collections and depositing services.

■ The Fiscal Year 2001-2002 will see several of our Business Plan initiatives reflected in our proposed budget. The significant cost items are: (a) Increase in Salaries and Employee Benefits by \$475,699 to enable us to attract and retain staff who are committed to maintain high standards of public service; and (b) Increase in Services and Supplies by \$623,376 due to fees paid for credit card usage and a change in vendor for armored transport.

### Budget Units Under Agency Control

No.	Agency Name	TREASURER-TAX COLLECTOR	TREASURER	TAX COLLECTOR	TOTAL
074	TREASURER-TAX COLLECTOR	340,963	4,146,979	5,828,907	10,316,849
107	REMITTANCE PROCESSING EQUIPMENT REPLACEMENT	827,069	0	0	827,069
	<b>Total</b>	1,168,032	4,146,979	5,828,907	11,143,918